BRITISH COLUMBIA

BC STATS

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Infoline

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- **Farm cash receipts slip as beef producers are hard hit by the fallout from the mad cow scare**
- **BC's unionization rate inches down in the first half of 2003**
- **SARS, the mad cow scare, and a strong Canadian dollar dampen economic growth**

The Economy

- **The number of British Columbians receiving regular employment insurance (EI) benefits rose 2.2% (seasonally adjusted), to 66,220, between May and June.** The number of EI beneficiaries was up in all provinces west of Quebec, as well as Nova Scotia, but declined in the rest of Canada. A total of 565,120 Canadians (+0.5%) received EI benefits in June. *Source: Statistics Canada*

Agriculture

- **The mad cow crisis took a toll on BC farmers in the second quarter.** Farm cash receipts slipped 2.0% (relative to the same period last year) due to a sharp decline in cattle sales. Cattle receipts recorded the biggest year-over-year decline in 33 years, plunging 42.2% to their lowest level since 1996. Total livestock receipts were down 5.9%. Crop producers saw sales edge up only marginally (+0.6%) largely because floriculture and nursery receipts were flat (+1.3%). Floriculture and nursery products are BC's biggest cash crop, and typically account for more than half of total sales in the second quarter.

  Source: Statistics Canada

- **Canadian cash receipts fell 2.9% in the second quarter, as sales slumped in seven provinces.** Livestock receipts were down 6.1%, while revenues from crop sales fell 5.8%. Ontario (+1.7%), Quebec (+9.7%) and Nova Scotia (+2.3%) were the only provinces where farmers escaped the general malaise. Alberta (-14.4%), where the cattle industry accounts for more than 40% of farm cash receipts (and over half of total Canadian sales), was hardest hit.

  The May 20th announcement of a single case of mad cow disease was quickly followed by bans on Canadian cattle imports in many international markets, which have remained in place since then. The bans are just beginning to be relaxed. Third quarter results will more clearly show how badly western Canadian farmers, who struggled through the worst drought since the dirty thirties last year, have been affected by the current situation. *Source: Statistics Canada*

Unionization

- **One in three (33%) workers in BC are union members.** British Columbia's unionization rate is above the national average (31%), and higher than in any other province except Saskatchewan (35%), Quebec (38%) and Newfoundland & Labrador (38%). Alberta (23%) has the lowest unionization rate in the country.

  During the first half of 2003, the number of union members in Canada grew from 3.9 million to 4.0 million. Most of the increase occurred in the highly unionized public sector, where 73% of workers belong to a union. By comparison, 18% of private sector workers in Canada are union members. BC was one of only three provinces where the unionization rate fell during the first half of 2003. *Source: SC, Catalogue 75-001-XIE*

Tourism

- **Almost 2.7 million tourists from foreign countries came to Canada in the first quarter, down 5.7% from the same three months of 2002.** Canadian residents took 4.5 million overnight trips outside Canada, 4.9% more than at the beginning of 2002. Travel to overseas destinations was up substantially (+16.1%), but fewer visits were made to the United States (-0.9%).

  Source: Statistics Canada

- **The US continued to draw large numbers of snowbirds in the first quarter.** Canadians took almost 2.8 million overnight trips to the US. Florida (783,000), California (262,000), Nevada (217,000), Georgia (127,000), Hawaii (122,000) and Arizona (120,000) were prime destinations,

Did you know...
Labour unrest has become less prevalent during the last two decades. In 1981, there were 1,049 strikes and lockouts in Canada. Last year there were 293.

with all states but Georgia seeing healthy increases in the number of visits from Canada. Border states such as New York (277,000) and Washington (246,000) and Michigan (162,000) saw the number of Canadian visitors drop off in the first quarter.

Overseas, Mexico (367,000 visits) was the destination of choice for Canadians seeking to escape the winter weather. The Dominican Republic (244,000), Cuba (242,000), Thailand (44,000) and Jamaica (35,000) also attracted many Canadians. While Mexico has long been a favoured spot, these other locations are starting to catch on with travellers from Canada. Visits to the Dominican Republic, for example, were up 29% over the first quarter of 2002, while the other destinations saw even bigger increases (between 52% and 66%). *Source: Statistics Canada*

- **Canada's international travel deficit reached its highest level in nine years in the second quarter, rising to $1.1 billion (seasonally adjusted).** The SARS scare in Toronto made many travellers from Asia, Europe and elsewhere rethink their plans to travel to Canada, while the war in Iraq and the mad cow situation undoubtedly added to their anxiety. Spending by foreign visitors fell 14.6%, reaching the lowest level ($3.4 billion) since the beginning of 1998. Canadians also stayed closer to home. Their spending on international travel dropped (-6.5%) to $4.5 billion. *Source: Statistics Canada*

The Nation

- **A five-quarter-long growth spurt in corporate profits came to an end in the second quarter, as profits fell (-7.3%, seasonally adjusted) to $40.4 billion after reaching a record-high $43.6 billion at the beginning of the year.** Energy dominated the results, as plunging crude and refined petroleum prices (-20%) cut into industry profits, which shrank $2 billion to $4.5 billion. Excluding energy, corporate profits would have slipped a more moderate 1.0%. Manufacturing profits tumbled (-10.0%) and transportation carriers (-24.4%) posted dismal returns. However, profits in the financial sector remained robust, rising 3.7%. *Source: Statistics Canada*

- **Canada's economy shrank 0.1% (seasonally adjusted) in the second quarter as the SARS and mad cow scares, and the effects of a stronger Canadian dollar put a lid on economic growth.** April was a particularly bad month; the economy began to improve in May and June, but second quarter results were still weak.

  Domestic demand for goods and services remained robust, increasing 0.7% in the second quarter as consumer spending (+0.7%) and business investment (+0.5%) continued to advance. Investment in residential structures (+0.8%) remained healthy and purchases of machinery and equipment were up 0.6%, but spending on non-residential projects ground to a halt (0.0%). Government spending on fixed capital was up 1.6%, while current expenses rose 0.9%. However, export growth (+0.6%) did not keep pace with the increase in the value of goods and services imported (+1.4%) to meet consumer and business demand. The biggest drag on the economy came from business inventories, which plunged $7.1 billion as wholesalers and retailers ran down their inventories. *Source: Statistics Canada*

Self-employment & Productivity

- **Self-employment boosted US labour productivity by 4.1% between 1987 and 1998, but pulled down the Canadian figure about 2.9%.** South of the border, growth in the net income of the self-employed outpaced overall productivity growth. In Canada, where self-employment accounted for most of the job growth during the 1990s, earnings per worker in the self-employed sector were well below those in other sectors, and the size of the gap was increasing. Net income per self-employed person was at least 50% lower than in the US, but the share of self-employment in Canada was 4% to 5% higher.

  When labour productivity measures are recalculated excluding self-employment income, the Canada-US gap in labour productivity growth almost disappears. *Source: SC, Cat 11F0027 # 6*

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Infoline Report

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Originally published in *Labour Force Statistics*, Issue 03-07. Annual subscription $60 + GST

B.C. Educational Attainment and Labour Market Outcomes of Persons Aged 25-54

Introduction . . . The Labour Force Survey (LFS) includes questions on the educational attainment of respondents. This allows examination of labour force characteristics of British Columbians by level of education.

Educational attainment categories reported in the LFS include the following:

- 0 to 8 years
- Some high school education
- Graduated from high school
- Some post-secondary
- Post-secondary certificate or diploma (includes trades certificate)
- University degree

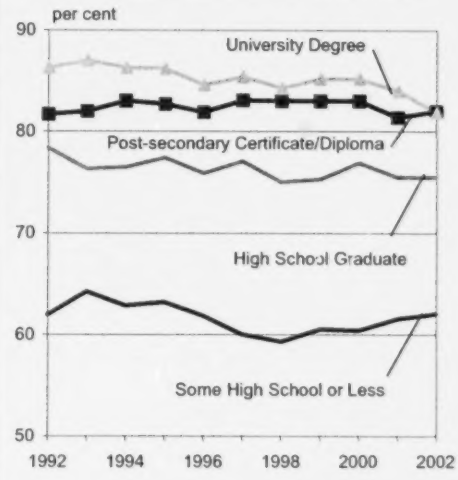
This article focuses upon a core age group of adults, aged 25 to 54. While some individuals in this group may still be in school or have returned to education or training, the majority have completed their schooling and make up the core of the B.C. labour force.

Employment Rate by Educational Attainment . . . Figure 1 shows the employment rate (employment/population ratio) of individuals in B.C. aged 25 to 54 by highest level of schooling from 1992 to 2002. Over this period the average employment rate for the province moved up and down but ended the period at almost the same rate as it started. Through this period, the likelihood that an individual was employed rose with educational attainment.

Over this period those with university degrees had the highest employment rate, averaging over 85 per cent between 1992 and 2002. However, the rate for university graduates has been trending down slightly in the past ten years. As a result the difference between the employment rate for university graduates and the rate for post-secondary diploma/certificate graduates narrowed. In 2002 this gap effectively closed with both rates at close to 82.0 per cent.

High school graduates had a lower employment rate than those with post secondary education. In 2002, their rate was 75.5 per cent, down by 2.9 percentage points from 1992. The most marked decrease in employment rate during the early 1990s was for those with some high school education or less, falling to 59.3 per cent in 1998. Since then, their rate has recovered to 62.0 per cent in 2002.

Figure 1: Employment Rate for Age 25-54 by Educational Attainment 1992 - 2002



Employment Rate of Men and Women . . Figure 2 compares the employment rate of men and women by highest level of schooling for the years 1992 and 2002.

In the past ten years employment rates for men have gone down for all categories of educational attainment except post-secondary certificate/diploma. The decline in the employment rate was most dramatic for men with high school completion. It dropped by 6.3 percentage points, from 87.7 per cent in 1992 to 81.4 per cent in 2002. In part this reflects a relative decline

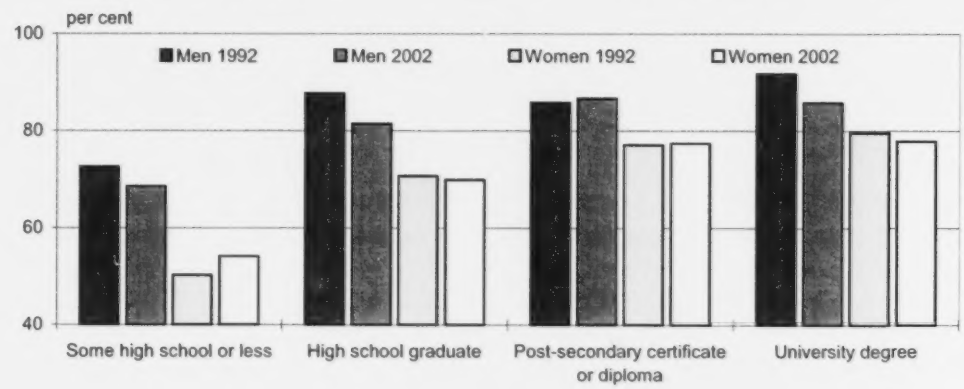
during the 1990's in the number of net job openings requiring lesser skilled workers.

Women's employment rates increased over this ten year period for those with some high school or less, and with a post-secondary certificate or diploma. However, the rate fell slightly for high school graduates and those with university degrees.

The rate for women with some high school or less increased from 50.2 per cent in 1992 to 54.1 per cent in 2002. This remains very low with many in this group outside the paid labour force. They may be caring for children or engaged in other unpaid activities. Women with post-secondary education continue to have significantly higher employment rates than women without post-secondary education. In 2002 the rate for women with a university degree was 77.9 per cent.

The gap in the employment rate between men and women is less among those with higher education. In 2002, the gap between men and women was 14.5 percentage points for those with some high school or less. It was just 7.9 percentage points between men and women with a university degree.

Figure 2: Employment Rate for Men and Women Age 25-54, 1992 and 2002

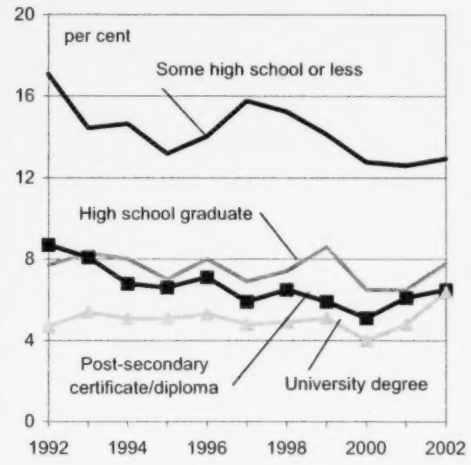


Unemployment Rates by Educational Attainment. . . Figure 3 shows unemployment rates between 1992 and 2002. Those with the lowest level of schooling had the highest unemployment rates, averaging 14.3 per cent over the period. This contrasts with an average 5.1 per cent for those with a university degree.

Those with a post-secondary diploma or certificate had only slightly higher unemployment rates than university graduates. It is clear that the gap between unemployment rates for these groups has narrowed over the past ten years.

High school graduates have seen little change in their unemployment rates in the past ten years. This reflects their relatively unchanged employment rates over the same time period.

Figure 3: B.C. Unemployment Rates by Educational Attainment for Persons Aged 25 to 54
1992 - 2002



Unemployment Rates of Men and Women . . .
Figure 4 shows the unemployment rate of men and women by educational attainment, comparing 1992 to 2002. The provincial unemployment rate has moved down over this period and there have been many changes when comparing the educational attainment of men and women.

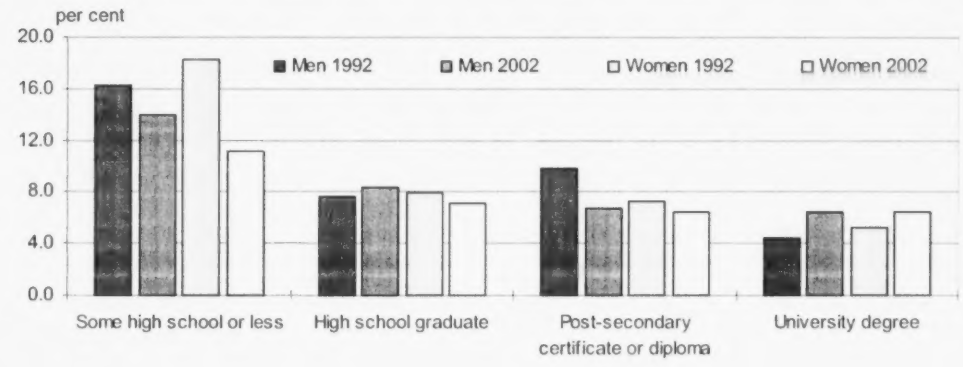
Generally the unemployment rates for men and women with some high school or less are considerably higher than for those with more education. However those with some high school or less had the biggest improvement in unemployment between 1992 and 2002. For men, the unemployment rate fell 2.2 percentage points to 14.0 per cent in 2002. For women the rate dropped 7.2 percentage points to 11.1 per cent in 2002.

The least change in the unemployment rates was among high school graduates. The rate increased slightly to 8.3 per cent for men and decreased slightly to 7.1 per cent for women in 2002.

The unemployment rate dropped significantly for men with a post-secondary certificate/diploma, down 3.1 percentage points to 6.7 per cent in 2002. The rate for women also declined, but only by 0.9 percentage points leaving the women's rate at 6.4 per cent.

Individuals with a university degree had the lowest overall unemployment rates. However, these rates increased slightly between 1992 and 2002 for both men and women.

Figure 4: B.C. Unemployment Rate for Men and Women Aged 25 to 54 by Educational Attainment, 1992 and 2002



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BC at a glance . . .

POPULATION (thousands)	Apr 1/03	% change on one year ago
BC	4,162.5	0.8
Canada	31,559.2	0.8
GDP and INCOME		
(BC - at market prices)	2002 Prelim.	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	134,365	2.7
GDP *($ 1997 millions)*	126,141	1.8
GDP *($ 1997 per Capita)*	30,459	0.8
Personal Disposable Income *($ 1997 per Capita)*	19,445	-0.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jun	2,667	-1.5
Merchandise Exports - Jun	2,584	0.1
Retail Sales - Jun	3,399	0.2
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Jul '03	% change
BC	120.5	2.6
Canada	122.2	3.3
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Jul '03	prev. month
Labour Force - BC	2,206	0.8
Employed - BC	2,016	0.5
Unemployed - BC	190	4.8
		Jun '03
Unemployment Rate - BC *(percent)*	8.6	8.3
Unemployment Rate - Canada *(percent)*	7.8	7.7
INTEREST RATES (percent)	Aug 27/03	Aug 28/02
Prime Business Rate	4.75	4.50
Conventional Mortgages - 1 year	4.55	5.35
- 5 year	6.35	6.80
US/CANADA EXCHANGE RATE	Aug 27/03	Aug 28/02
(avg. noon spot rate) Cdn $	1.4021	1.5597
US $ *(reciprocal of the closing rate)*	0.7131	0.6412
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Jul '03	one year ago
BC	687.34	3.6
Canada	662.42	2.1

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

British Columbia Provincial Economic Multipliers and How to Use Them

Author: Garry Horne, April 2003

37 pages

A clear and concise introduction to the subject . . . strongly recommended.

". . . as government requires its programs to become more accountable for results, those programs that claim to produce economic benefits will need to establish them."

For the first time this report is based on the North American Industry Classification System (NAICS). Available through our WebStore for $75 plus GST.

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Next week

- Current Statistics, August 2003
- Tourism Sector Monitor, August 2003

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